Message Text

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SUBJ: US PROPOSAL FOR TECHNICAL CONSULTATIVE GROUP ON SOYBEANS -

US TALKING PAPER

REF: (A) BRASILIA 6810 (B) STATE 184883

1. IN VIEW OF POSSIBILITY OF EVENTUAL POSSIBLY MIS-LEADING PUBLICITY CONCERNING US INITIATIVE (REF A), FOLLOWING IS FULL TEXT OF WRITTEN PRESENTATION LEFT BY ECONOMIC COUNSELOR WITH FOREIGN MINISTRY AND BY ACTING AGRICULTURE ATTACHE WITH MINISTRY OF AGRICULTURE.

2. QUOTE. OVER THE PAST TWO YEARS, MINISTER OF AGRICULTURE
PAULINELLI AND SECRETARY OF AGRICULTURE BUTZ HAVE HELD MUTUALLY
BENEFICIAL EXCHANGES OF VIEWS ON AGRICULTURAL QUESTIONS OF
CONCERN TO BRAZIL AND THE UNITED STATES. IN THE COURSE OF
THESE DISCUSSIONS, IT HAS BEEN SUGGESTED THAT THE TWO GOVERNMENTS CONSIDER THE ESTABLISHMENT OF A MORE FORMAL CONSULTATIVE
MECHANISM FOR QUESTIONS RELATED TO SOYBEANS AND SOYBEAN PRODUCTS,
THEREBY TO CARRY OUT THE UNDERSTANDING BETWEEN THE TWO MINISTERS
TO ENHANCE COOPERATION BETWEEN THE UNITED STATES AND BRAZIL IN
PROMITING WORLD SOY CONSUMPTION AND EXPANDING MARKETS.
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THE QUESTION OF CLOSER CONSULTATIONS ON SOYBEANS AND SOYBEAN PRODUCTS WAS ALSO TOUCHED UPON DURING THE VISITS OF SECRETARY OF STATE KISSINGER AND, MORE RECENTLY, SECRETARY OF THE TREASURY SIMON. AS WAS NOTED IN THESE DISCUSSIONS, THE UNITED STATES AND BRAZIL JOINTLY ACCOUNT FOR MOST OF THE WORLD'S SOYBEAN EXPORTS AND THUS SHARE COMMON INTERESTS THAT ARE CONSISTANT WITH FREE AND EXPANDING WORLD TRADE IN THIS COMMODITY.

IN VIEW OF THIS HISTORY OF CONSULTATIONS AND DISCUSSIONS, THE US GOVERNMENT WISHES TO PROPOSE THE ESTABLISHMENT OF A US-BRAZIL TECHNICAL CONSULTATIVE GROUP FOR SOYBEANS AND SOYBEAN PRODUCTS, WITHIN THE FRAMEWORK OF THE CONSULTATIVE MECHANISM ESTABLISHED BY THE MEMORANDUM OF UNDERSTANDING DURING SECRETARY KISSINGER'S VISIT.

AS AN INITIAL STEP, THE US GOVERNMENT COULD AGREE TO THE ESTABLISHMENT OF A TECHNICAL CONSULTATIVE GROUP WITH THE FOLLOWING OBJECTIVES:

- (A) INFORMATION EXCHANGE;
- (B) MARKET DEVELOPMENT; AND
- (C) TECHNICAL EXCHANGE.

FOR EXAMPLE, IN THE AREA OF INFORMATION EXCHANGE, THE UNITED STATES ENVISAGES EXCHANGE OF DATA ON WORLD SUPPLY AND DEMAND FOR OILSEEDS AND PRODUCTS, MONTHLY TRADE STATISTICS, PRICE TRENDS, AND DATA ON COST OF PRODUCTION, ETC. THE PROPOSED GROUP COULD ALSO MAKE A VALUABLE CONTRIBUTION IN MARKET DEVELOPMENT, AND THE ROLES OF BRAZIL AND THE US IN PROMOTING WORLD SOYBEAN CONSUMPTION COULD BE EXPLORED. A FURTHER POTENTIAL AREA OF COOPERATION COULD BE ASSISTANCE TO BRAZIL IN THE DEVELOPMENT OF ITS DOMESTIC MARKETS FOR SOY MEAL, SOY OIL, AND SOY PROTEIN FOR HUMAN CONSUMPTION. THE US GOVERNMENT WOULD ALSO BE AGREEABLE, AS PART OF THE EXCHANGE OF TECHNICAL INFORMATION, TO VISITS BY OFFICIALS TO PRODUCTION AREAS TO CONFER WITH RESEARCHERS AND RESEARCH STATIONS.

THE US GOVERNMENT, THUS, ENVISAGES THE NEW BODY AS PRIMARILY LIMITED OFFICIAL USE

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A TECHNICAL GROUP, SEPARATE FROM THE EXISTING CONSULTATIVE SUBGROUP ON TRADE. THE US GOVERNMENT BELIEVES THAT THE PROPOSED GROUP SHOULD NOT PREEMPT WORK IN THE SUB-GROUP ON TRADE AS IT RELATES TO SOYBEAN AND SOYBEAN PRODUCTS, BUT ALSO RECOGNIZES THAT THE NEW GROUP WOULD BE FORUM FOR THE TWO GOVERNMENTS TO EXCHANGE INFORMATION AND TO SEEK INFORMAL CLARIFICATION ON MATTERS OF CONCERN IN THIS SECTOR.

US PRELIMINARY THINKING IS THAT THE NEW GROUP WOULD HAVE BOTH PUBLIC AND PRIVATE SECTOR PARTICIPATION.

IN ORDER TO EXAMINE THE VARIOUS ASPECTS OF THIS MATTER,
THE US GOVERNMENT WISHES TO PROPOSE AN EARLY DISCUSSION BETWEEN
BRAZILIAN AND US AGRICULTURE OFFICIALS CONCERNING THE COMPOSITION AND OPERATION OF THE PROPOSED GROUP. DR. RUBENS VALENTINI,
ADVISER TO MINISTER PAULINELLI, IS NOW SCHEDULED TO BE IN WASHINGTON
ON AUGUST 10 AND 11 FOR DISCUSSIONS WITH THE US DEPARTMENT OF
AGRICULTURE, FOLLOWING HIS ADDRESS TO THE AMERICAN SOYBEAN
ASSOCIATION, AND WE BELIEVE HIS PRESENCE IN WASHINGTON WOULD
PRESENT AN OPPORTUNITY FOR PRELIMINARY EXAMINATION OF THIS
PROPOSAL. UNQUOTE.

3. FAS CONCURS THIS MESSAGE. CRIMMINS

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